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SUBJECT: CHINA SUMMIT ON ANTI-CORRUPTION

(U) Sensitive but unclassified. Not for dissemination
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11. (SBU) Summary: The China Summit on Anti-Corruption, a private-sector conference aimed at providing U.S. businesses and multi-national companies with information on anti-corruption best practices and strategies to comply with the Foreign Corrupt Practices Act, took place in Shanghai from July 15 to 16. The conference intended to feature remarks from Chinese government officials on anti-corruption. However, these officials declined to attend and most of the exchanges and speeches at the conference focused on private-sector efforts to fight corruption. The conference organizer said that officials likely did not attend because the conference was taking place during a sensitive time right before the Olympics and because this was the first time that such a conference was being held in China. She believes that there will be more Chinese governmental participation at future conferences. (Comment: While it is disappointing that Chinese officials did not attend the conference, it is encouraging that Chinese authorities allowed the conference to take place during this sensitive time period. End Comment.) End Summary.

The China Summit on Anti-Corruption

12. (U) The American Conference Institute held an anti-corruption conference called the "China Summit on Anti-Corruption" in Shanghai on July 15-16. According to organizers, this is the first time such a conference has been held in China, and they hope to hold the conference on a yearly basis in the future. Around 100 American and Chinese lawyers from U.S.-based and multi-national large law firms and accounting firms attended the conference. The conference was also sponsored by large firms such as Price Waterhouse Cooper, Ernst and Young, and White and Case. The purpose of the conference was to provide information to foreign companies, especially American companies, on how to deal with corruption issues in China and how to comply with the Foreign Corrupt Practices Act (FCPA). Consulate Rule of Law Coordinator (ROLC) also attended the conference.

Where Are the Chinese Officials?

13. (SBU) Noticeably absent from the conference were Chinese officials. National Bureau of Corruption Prevention Head Ma Wen and International Association of Anti-Corruption Authorities Secretary General Ye Feng were listed as Keynote Speakers in the conference materials but did not show up at the conference. According to American Conference Institute's Senior Conference Director Frederique Duranton, her office had been in contact

with Ma for six months but was not able to confirm her attendance. Other Chinese officials that were supposed to participate in the conference were also no-shows. Duranton said that there could be two reasons for the absence of Chinese officials. First, with the Beijing Olympic Games three weeks away, many Chinese officials are cutting down on their public appearances to avoid making any mistakes during this sensitive time. Second, this is the first time that this conference has been held in China, and Chinese officials are not yet comfortable enough with the conference to attend. Duranton believes that there will be more officials at next year's conference.

How To Do Business and Avoid Corruption

14. (SBU) The conference provided participants with practical information on how to deal with corruption issues and how to comply with the FCPA in China. U.S. Department of Justice Criminal Division Fraud Section Deputy Chief Mark Mendelsohn explained to participants how the U.S. Foreign Corrupt Practices Act (FCPA) is applied abroad. Clifford Chance partner Warren Feldman gave a speech on how to minimize FCPA risks for Chinese Companies operating in the United States. North Asia Motorola China Vice President Joseph Yang introduced Motorola's internal investigation mechanism for investing questionable payments in China and said that Motorola set up a 24-hour hotline for reporting misconduct. Other topics included how to carry out due diligence in China, and explanations of the latest international monitoring and governance initiatives.

15. (SBU) The only Chinese speaker in this Conference was Wu Wei who is a law partner at King and Wood, a Beijing-based Chinese law firm. She also served as a prosecutor at the China Supreme

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People's Procuratorate (SPP) for 10 years. She said that the SPP set up a computer inquiry system last year that searches all provincial procuratorate's databases. This system produces a "black name" list of all companies that have been found guilty of bribery by Chinese courts. According to Wu, government officials can request information from this system to prevent companies from getting government procurement and public construction contracts.

Generally Satisfied

16. (SBU) Despite the absence of Chinese Officials, participants with whom ROLC talked said they were pleased with the conference. 3M China Ltd. Legal Affair General Counsel June Xue felt this Conference was very helpful for the staff of multinational companies in meeting the challenges of complying with the FCPA in an environment like China in which corruption is widespread. Kohler Asia Pacific Limited Audit Manager Charles Li agreed with Xue and said that Kohler will pay more attention to internal investigations in relation to anti-corruption compliance.

Comment

17. (SBU) The lack of Chinese government participants at the conference is disappointing. While participants were able to get information on best practices to fight corruption, there was very little information on Chinese government efforts. That said, we would caution against taking the lack of Chinese government attendance as an indication of Beijing's commitment to these issues. In the lead-up to the Olympics, many Chinese officials have cut down on their official appearances and there are few governmental meetings taking place. The fact that the Chinese government allowed conference organizers to hold the conference during this sensitive time period can be seen as an indication that it places some importance on anti-corruption issues.

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